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SUBJECT: SPEECH ON U.S.-KENYAN RELATIONS DELIVERED BY THE AMBASSADOR
TO THE AMERICAN CHAMBER OF COMMERCE IN KENYA

11. Following is the text of a speech on U.S.-Kenyan relations delivered by the Ambassador before the American Chamber of Commerce in Kenya on November 21. Significant local media coverage is expected.

12. Begin text

The United States and Kenya: A Robust Partnership
By Ambassador Michael E. Ranneberger
Speech to the American Chamber of Commerce in Kenya
November 21, 2006

Good afternoon. I'm delighted to see that the hotel is serving turkey for lunch to mark the uniquely American holiday of Thanksgiving. On this holiday we give thanks for our blessings - good health, good friends, and loving families. As this holiday approaches, I am thankful and feel very fortunate to be the representative of the President and the American people in Kenya, an ally and a friend. An important aspect of my job is supporting the American private sector and business community, so I'm especially grateful to have this opportunity to be with you today.

As many of you know, I arrived in Kenya on August 11th. I've met with government officials, including the President, with opposition politicians, members of civil society, religious leaders, ordinary citizens, representatives of the private business sector, and many others. I've traveled around the country, I've listened and I've asked many questions because, as Kenyans say, "Kuuliza si Ujinga," which means "asking is not being foolish." I'll continue to listen, question, and learn throughout my time here.

Today, I want to talk about the partnership between the United States and Kenya, which drives our strong interest in developments in this important country. I've taken to heart the Kenyan proverb "Kufanya majadiliano mazuri ni utaji," which means "having a good discussion is like having riches." Today, I won't be talking in diplomatic sound-bites; rather, I want to lay out my views in some detail.

From my discussions I have gained a keen appreciation of the complexity of Kenyan society and politics. But underlying this complexity is something clear and encouraging: a marked sense that the country is, fundamentally, moving in a positive direction. As we look at longer-term trends and examine what Kenyans themselves are doing on the political and economic fronts right now, we have reason to be optimistic about the country's future.

At the same time, we know, as you know, that the country faces immense challenges. These include endemic corruption, insecurity, tribalism, persistent poverty and glaring disparities of wealth, severe environmental degradation, and the scourge of HIV/AIDS and malaria, among others. These problems are real. They are deep-seated and do

not lend themselves to easy solutions, even if the resources and will required to tackle them were in abundant supply.

Tackling these challenges forms the basis for much of what the U.S. Government does in partnership with Kenyans - the government, civil society, and you, the private sector. There is, however, a real danger that an inordinate focus on these difficulties and the negative perceptions they generate about Kenya obscure the progress the country is making in many areas. Equally important, I believe that Kenyans have the capacity - intellect and resources - to tackle successfully the challenges they face.

Since 2002, the economy has been recovering steadily, with economic growth that may exceed 6% this year. Kenya's recovery is broad-based, driven by an expanding and dynamic private sector that increasingly uses modern technologies and management practices.

We see similar dynamism and growth in civil society. Kenya's is perhaps the most active and vibrant in sub-Saharan Africa, ranging from self-help groups in rural villages, to watchdog organizations working to keep government accountable. The media is robust. Kenya, with an 85 percent literacy rate, has an educated citizenry. There is remarkable activism on the part of youth and women, who are inexorably taking their rightful place in society and politics. Very importantly, there is a generational change underway that will contribute to the transformation of this country.

Politically, Kenyans from all walks of life are proud that their society now enjoys a dramatically increased scope of freedom and political space, even when compared to just five years ago. As Will and Ariel Durant pointed out so eloquently in *The Lessons of History*, each generation is made richer by the achievements of those preceding it, but each generation equally has a tremendous responsibility to nurture and carry forward those achievements. Kenyans have earned their political freedom and they are rightly working to preserve, defend, and expand it.

Contrary to the perceptions of many, the Government of Kenya is playing an important role in facilitating the progress taking place. The country's long stretch of macro-economic stability boosts the confidence that underwrites current economic growth. The government also is implementing long-overdue reforms in a range of sectors. These include a complete overhaul of the telecom sector aimed at lowering business costs and making Kenya more competitive in the global scramble for trade and investment. The government is rolling out budget and public expenditure reforms aimed at ensuring that taxpayer resources are directed to where they are really needed, and to ensure that the money is spent well and accounted for. Privatization and procurement reform bills were passed recently, and the government is moving to implement both. Civil service reforms are being enacted, and the government just announced an ambitious effort to reform the system governing the ownership of land in the country. The list of reform programs goes on.

Kenyans are rightly debating key questions. Do these reforms go far enough? Are they being implemented with sufficient haste? Are they even the right reforms? My point is that we shouldn't dismiss these changes out of hand. They are in many cases sincere efforts by dedicated public servants to improve the way Kenya is governed. If these myriad reform efforts succeed, they will help unleash the full potential of Kenya's energetic and entrepreneurial people. It's incumbent upon us to scrutinize these efforts, and support the reforms that hold the most promise.

These broadly positive trends and developments provide fuel for the strong and growing partnership between our two countries -- our governments, our private sectors, and our people. This partnership is built on common values and common interests. Americans and Kenyans value hard work, education, freedom, and strong families. Specifically, our partnership embraces: promoting shared democratic values and good governance; eradicating disease and poverty; promoting economic growth; fighting insecurity in the form of crime and terrorism; and collaborating to promote regional peace and stability, especially in Sudan and Somalia. The United States and Kenya are, in effect, working together to advance a common agenda in a way that mutually benefits both countries.

We don't just talk about partnership. We act on it. Were we a private sector company, we would likely be the biggest foreign investor in Kenya, and one of its largest employers. Our Mission is the largest U.S. diplomatic presence in sub-Saharan Africa, home to 18 Federal agencies and offices, and nearly 1,300 employees, both American and Kenyan. We directly generate a similar number of jobs through the goods and services we procure locally in Kenya. The U.S. is effectively investing about \$1.4 billion in Kenya's economy and development in 2006 - through direct U.S. Government programs on governance, development, and security; through the value of Kenyan exports to the U.S. under the African Growth and Opportunity Act; through the new \$40 million USAID building just dedicated yesterday; through remittances Kenyans send back from the U.S.; and through our direct support for programs carried out in Kenya by international organizations and institutions -- to name just some of the sources. Through the President's Emergency Plan for AIDS Relief, or PEPFAR, we are leading the fight against the scourge of HIV/AIDS in Kenya by providing \$330 million over the next twelve months, a 60 percent increase from the previous year!

The breadth and depth of American engagement in Kenya reflect the importance we attach to Kenya's growth as the most stable democracy and as the most important player, politically and economically, in East Africa. Kenya's role as a regional leader makes it a strategic ally of the U.S. in carrying out programs and activities aimed at fostering peace, stability, and development across the entire region.

To keep moving forward and to achieve the promise of a better future for all Kenyans, the challenges the country faces must be addressed. As President Kibaki himself told me when I presented my credentials, friends speak candidly. As they say in Swahili, 'Akwambiaye Akupenda!', which means a true friend will alert you to what lies ahead. In my view, a true friend is someone who provides an honest and constructive perspective. I have talked about many of the positive forces that are moving Kenya forward. As a friend and partner, our responsibility is to help Kenya to maintain that progress and help prevent any reversal of the gains made.

Of course, we cannot do more than Kenyans themselves want to do. I've received a clear message from Kenyans across the political, social, and economic spectrum that they are determined to take the extraordinary steps needed to maintain momentum. But it remains to be seen how this will be translated into action through Kenya's democratic system. It

is, perhaps, worth recalling the words of the great Kenyan writer Ngugi wa Thiongo, who said: "We have to summon the collective will to decide that, if we shake hands with others in whatever forms of cooperative ventures and exchange, it will be on the basis of our standing on our two feet, however wobbly, rather than firmly leaning on any crutches. But what have we done as opposed to what has been done to us? What lessons have we really learnt from our ancestors who fought so resolutely against slavery and colonialism?"

Addressing two of Kenya's major challenges would strengthen democracy and assure a brighter future. First, while it is increasingly free and open, Kenya's political process remains too narrowly focused on tribal, regional, and personal interests. This is to the detriment of a national agenda and the welfare of the people as a whole. When a country's political class - whether leaders in government or in the opposition -- consistently put tribal, family, or personal interests first, governance fails. Government becomes not a pathway to achieve national consensus and development for the betterment of all, but rather a platform for patronage, cronyism, corruption, waste, and mismanagement.

In discussing this sensitive issue, let me first state the obvious. The United States has had and continues to have its share of problems in this regard. In decades past, political parties in the U.S. were often identified with specific ethnic groups or regions of the country.

The result was violence and division. Local governments in the big cities of the U.S. until only recently were seen less as service providers to the public than as patronage machines, doling out largesse to a select few groups or families, to the detriment of the greater public good.

How Kenya charts its political future to overcome the scourge of tribal politics is for Kenyans and Kenyans alone to decide. As a friend and

partner, the U.S. is here to help, in part by way of the example set by our own experience. I should add here that the recent very deplorable incident of discrimination against Ngugi wa Thiongo in the United States shows that we still have a long way to go. While our own democracy remains imperfect, today both of the major parties in the U.S. are truly national in scope. As Kenya approaches an historic election next year, the U.S. will continue to support and encourage an inclusive process in which all the parties running for office reach across tribal and regional boundaries, and develop national platforms that address the key challenges facing Kenya and all its citizens.

For the sake of Kenya's development and the U.S.-Kenya partnership, I urge all politicians and political actors in Kenya to begin now to frame their approaches to the 2007 elections in ways that appeal to Kenyans of all regions, religions, ages, gender, and tribal backgrounds.

The second inter-related challenge facing Kenya is endemic corruption.

Corruption undermines citizens' confidence and trust in government and in elected representatives. If left unchecked, this volatile combination of corruption and tribalism could become a vicious and potentially dangerous downward spiral of insecurity and instability. The upsurge of violent crime in Nairobi and other areas are grave concerns. The same kind of lapses in law and order that enable such a climate of insecurity to exist are the same ones exploited by international criminals and terrorists operating against Kenyan or foreign targets. Effective action - and not over-reaction -- by police and security forces can, however, only be carried out if there is a clear sense that the rule of law is paramount.

Grand-scale corruption is an historical fact in Kenya. The reality today is that Kenyans face the challenge to stamp out corruption and ensure accountability. Corruption creates a negative perception of Kenya both at home and abroad that will linger and persist until decisive action is taken to bring the guilty to justice - no matter what their position or degree of influence may be. As I have met with ministers in the government, I have been impressed by much of what they have described about reforms being carried out in the civil service and in restructuring ministries to make them more transparent and accountable. However, the mega-corruption cases - Goldenberg, Anglo-Leasing, and Charterhouse Bank and those associated with them - cast a pall over this reform process. The dark cloud of these cases makes it difficult to talk credibly about the significant steps being taken in favor of accountability and transparency. That is why it is so essential to send a clear message through dramatic action to bring the perpetrators to justice. Instead, in recent days we have been presented with conflicting, inconsistent signals by the government.

Let me again state the obvious. We in the U.S. have our own problems with corruption. It is a universal -- not a uniquely Kenyan or African

-- phenomenon. Early in our history, the standard was set commendably high by Thomas Jefferson who declared, upon leaving the presidency: "I have the consolation of having added nothing to my private fortune during my public service, and of retiring with hands as clear as they are empty." Yet almost two hundred years later, one only need look at personal politics in my country, at the vitriolic debate over campaign finance reform, at the corruption trials of lobbyists, prominent businessmen, and Members of Congress to appreciate the challenges we still face.

Corruption in Kenya exacts a terrible human and economic cost and is probably the single greatest impediment to economic development and poverty reduction. The Anglo Leasing-style contracts totaled some \$700 million. To put this number in perspective: \$700 million is more than the total foreign assistance provided to Kenya over the past year by international development banks and governments like my own. It's \$100 million more than the amount budgeted by the Kenyan government for roads in this fiscal year. It's almost twice as much as all money budgeted for health.

Corruption taxes the private sector, raising the costs of doing business; thus leading to disinvestment. The high costs and disincentives created by corruption discourage new investment -- both local and from abroad -- that is vital to Kenya's economic growth. In short, corruption is like a cancer, robbing Kenya of the resources badly needed for development and prosperity. It makes it impossible

for Kenya, its institutions, and its people to produce to their fullest potential.

As a partner, the United States stands shoulder to shoulder with Kenya and Kenyans in the war against corruption. Several current and planned assistance programs strengthen institutional and human capacity to better enable the Kenyan government to investigate and prosecute corruption and other serious crimes. In areas where there is strong political will within the government, we are stepping up with additional resources. We also stand ready to cooperate fully with Kenyan law enforcement agencies in investigating the insidious international dimensions of grand-scale corruption. We have done so in the past, and will do so again when asked.

Beyond the deep-seated twin challenges of corruption and tribally-tinged politics, there are other very serious issues confronting the Kenyan people. As I heard during my recent visit to Coast Province, there is tremendous concern about increased narcotics trafficking and the related plague of money-laundering, recently brought to light by the Charterhouse Bank scandal. Corruption, narcotics trafficking and money-laundering are intertwined phenomena. If they are allowed to take root and flourish, much of the progress towards democratic and economic institution-building will be undermined, and perhaps wiped out. Urgent action is needed to address these growing problems. A clear starting point is to take decisive action with respect to Charterhouse Bank. In addition to action in prosecuting corruption cases, the Government needs to secure passage of anti-money laundering legislation as soon as possible. We and other partners stand ready to support implementation of an anti-money-laundering law once passed.

Bringing corrupt officials and businesspeople to justice isn't just about changing the law. It's about changing behavior. The 2007 elections are a major opportunity for Kenyans to do just that by insisting that candidates delineate clear proposed courses of action to deal with corruption, tribalism, and the other challenges facing the country. I believe the electoral process in Kenya - under the watchful oversight of the Independent Electoral Commission -- can be conducted in a constructive, transparent manner. Achieving consensus on electoral reforms will make the electoral process more inclusive and participatory.

In the United States, we often say that all politics are local. We understand the role that local group identity plays in politics, whether it be regional, tribal, or ethnic. Focusing on a national agenda, however, is a way of emerging from traditional zero-sum politics, from a strictly tribal or ethnic-based approach. By focusing on such "win-win" agenda, politicians will accommodate the diversity of this great country and appeal to wider constituencies. From my perspective, this is the challenge that parties and potential coalitions face as they enter the electoral period.

During the 2007 electoral process, Kenyans will in effect be setting the agenda for the next five years. This can credibly be done only through an inclusive, candid, national dialogue that leads to development of a substantive agenda to move Kenya forward. Kenyans will share a large responsibility not just in electing the next government, but in holding that government accountable for implementing a broadly-shared national agenda. A credible, fully participatory national electoral process is the key step forward in the fight against

corruption and tribalism, and to maintain the positive momentum in Kenya.

In a democracy, the ultimate power lies not with politicians, nor with the international community, nor with the rich and powerful, but with the ordinary people. They get to decide if they are going to allow a leader to remain in office, or to send him into retirement; they get to reward good governance by extending the tenure in office of those who have lived up to their expectations; or they can - quite literally - hand over power to new leaders who have most effectively articulated a vision to which they subscribe.

Some Kenyans maintain that they are being held to higher standards than some neighbors on issues of governance, democracy, and economic development. Perhaps this is true, but the Kenyan people themselves rightly set this higher standard when they demand greater accountability, transparency, better infrastructure, reliable public services, and greater public safety. Kenya's democracy has come of age

in a fast-paced world that allows no quarter to countries that don't take dramatic steps forward. I believe most Kenyans appreciate this. And, as we all know - "atakae, hachoki!" - which means "a person in need never tires." Indeed, it is the energy and commitment of Kenyans to move forward that makes me optimistic about the future of this great country. That same energy and commitment ensure a strong future for the U.S.-Kenyan partnership.

Finally, as one of the stewards of that U.S.-Kenyan Partnership, I pledge to keep in mind Colin Powell's rule number 13: "perpetual optimism is a force multiplier!" Thank you again for having me here today.

Asante sana.
End text.

¶3. This speech was cleared by the Country Team and in substance by AF
A/S Frazer.
RANNEBERGER